



MISSOURI WORKFORCE 2021 EMPLOYER SURVEY REPORT



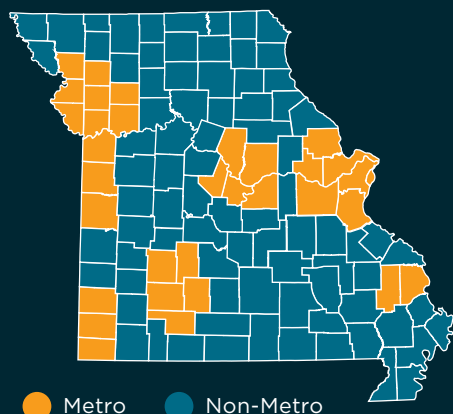
DEPARTMENT OF
HIGHER EDUCATION &
WORKFORCE DEVELOPMENT

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● Metro ● Non-Metro

MISSOURI WORKFORCE 2021 EMPLOYER SURVEY REPORT

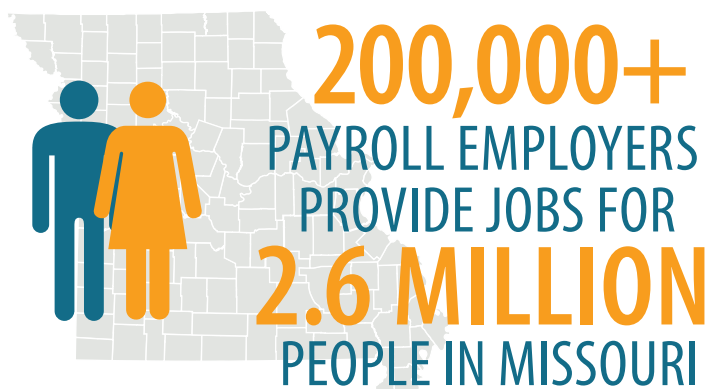
DEPARTMENT OF
HIGHER EDUCATION &
WORKFORCE DEVELOPMENT

Missouri has more than 200,000 payroll employers who provide jobs for 2.6 million people. Understanding the current trends and challenges for the state's employers can help identify ways to support economic and workforce development. Approximately 2.19 million of Missouri's jobs are in metro areas, while the remaining work in non-metro locations. Metropolitan areas, such as Kansas City, St. Louis, Joplin, and Springfield are spread across Missouri. These areas represent larger urban cities and adjacent counties with strong commuting ties. This 2021 survey looked at both metro and non-metro employers to understand key similarities or differences that may help inform workforce or economic development decisions.

A total of 834 Missouri companies, with five employees or more, were surveyed in June and July of 2021 to assess the state of the workforce from the employers' point of view.

A few key themes from the survey:

- Fifty-five percent of employers plan to expand employment over the next 12 months.
- The top barrier to expanding employment is a *shortage of workers with knowledge or skills*, which increased significantly from previous years, from 47 percent in 2019 and 2020, to 60 percent in 2021.
- Poor work habits was the most frequently cited shortcoming, along with *lack of critical thinking*, *lack of general business or industry knowledge*, and *lack of communication or interpersonal skills*.
- Shortcomings of skilled applicants were higher in 2021 than previous years, particularly in *Skilled Trades*, where 72 percent of employers reported a shortage in 2021 compared to 60 percent in 2020 and 49 percent in 2019.
- *Patient Care* was another area with applicant shortages, especially in non-metro areas.
- Employers in 2021 were more likely to *hire from outside the local area* (52% in 2021 vs. 33% in 2019) and *offer increased wages* (64% in 2021 vs. 49% in 2019) to meet skill shortages.
- The top business concerns looking forward are *attracting or retaining talent*, *financial impacts on operations*, and *supply chain disruptions*.



Businesses Surveyed

NAICS Code	Industry Description	# of Businesses Surveyed
23	Construction	56
31-33	Manufacturing	48
42	Wholesale Trade	41
44-45	Retail Trade	151
48-49	Transportation and Warehousing	19
51	Information	24
52	Finance and Insurance	46
53	Real Estate and Rental and Leasing	22
54	Professional and Technical Services	56
56	Administrative and Waste Services	21
62	Health Care and Social Assistance	131
71	Arts, Entertainment, and Recreation	28
72	Accommodation and Food Services	95
81	Other Services	67
	Other small sectors*	29
	Total	834

*OTHER SMALL SECTORS WITH LESS THAN 1% OF ESTABLISHMENTS: NAICS 11 AGRICULTURE, FORESTRY, FISHING AND HUNTING, NAICS 21 MINING, QUARRYING, AND OIL AND GAS EXTRACTION, NAICS 22 UTILITIES, NAICS 55 MANAGEMENT OF COMPANIES AND ENTERPRISES, AND NAICS 61 EDUCATIONAL SERVICES

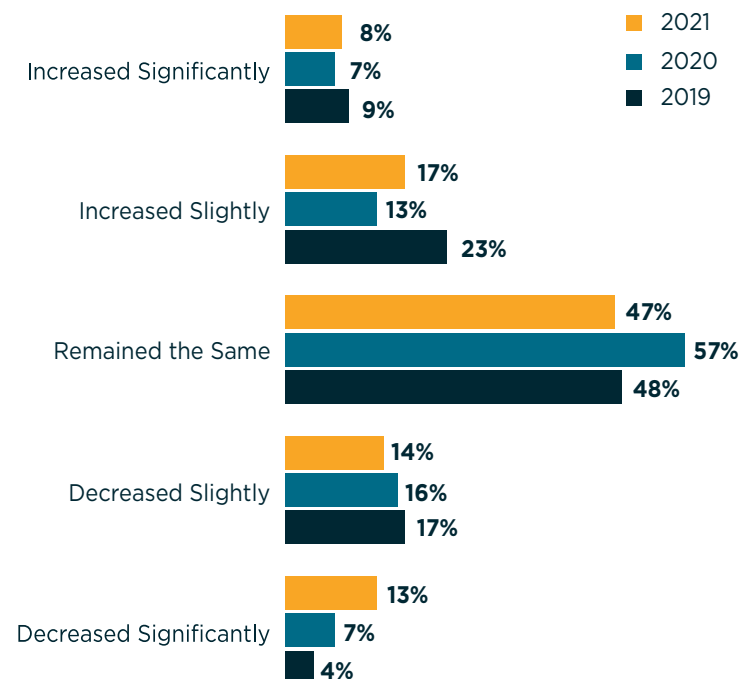
EMPLOYER SURVEY

HIRING TRENDS

In order to gauge employment trends, employers were asked about their staffing levels and future hiring plans. When asked about employment changes over the last 12 months, nearly half (47%) said that employment levels stayed the same.

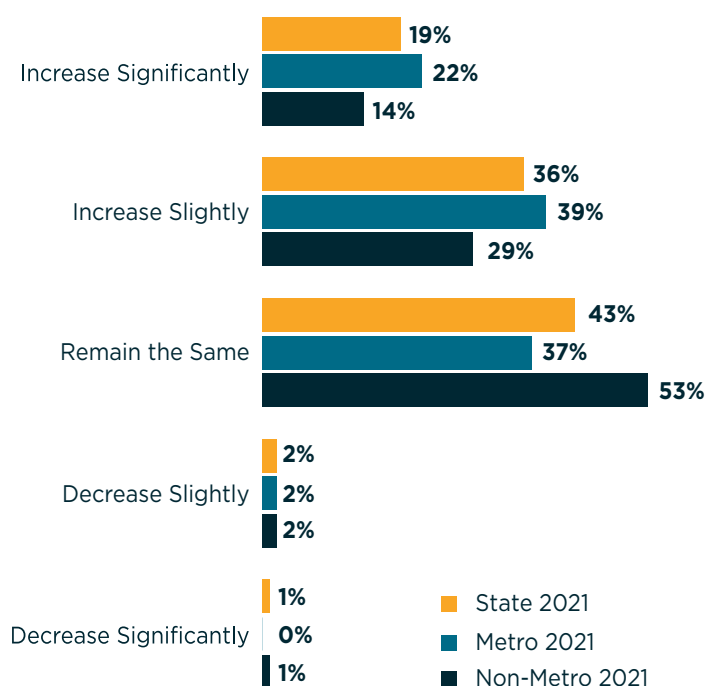
A larger percentage of employers said they increased employment in 2021 compared to 2020, however the number was still smaller than that in 2019 (25% in 2021 vs. 20% in 2020 and 32% in 2019). Metro employers were more likely to say employment levels had increased slightly or significantly than non-metro employers, with 28 percent of metro employers reporting an increase in employment compared to 20 percent of non-metro employers. Employers who said they had a significant increase or decrease were then asked if the change was due to COVID-19. Sixty-four percent said yes, up from 58 percent last year. The affirmative responses were higher in non-metro areas, with 71 percent of non-metro employers saying the change was due to COVID-19, compared to 60 percent in metro areas. When asked about anticipated employment levels over the next 12 months, more than half (55%) of employers expected to see an increase. Thirty-eight percent felt the same way in 2020 and even fewer (33%) expected an increase in 2019. The planned employment increases over the next 12 months also varied between metro and non-metro areas (61% vs. 43%). Few employers expected to decrease employment in the next 12 months.

Change in Employment Level Over the Last 12 Months



55% OF EMPLOYERS EXPECTED TO SEE AN INCREASE IN EMPLOYMENT LEVELS OVER THE NEXT 12 MONTHS.

Planned Change in Employment Level in the Next 12 Months



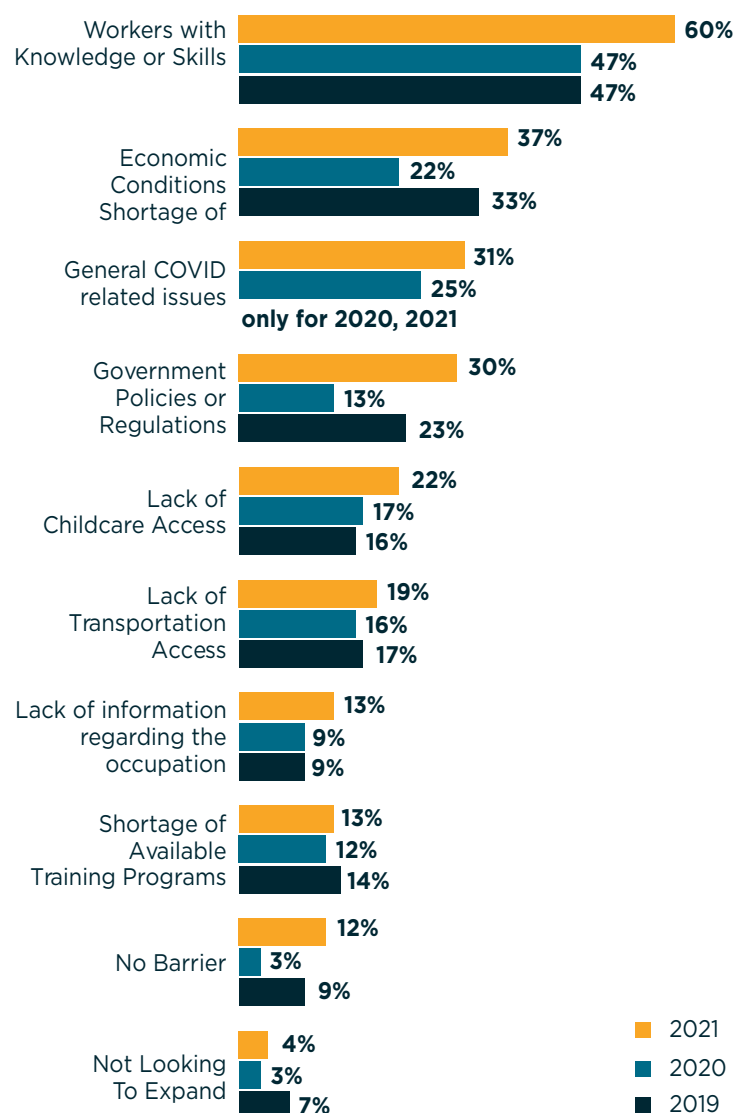
EMPLOYER SURVEY

BARRIERS TO EXPANDING EMPLOYMENT

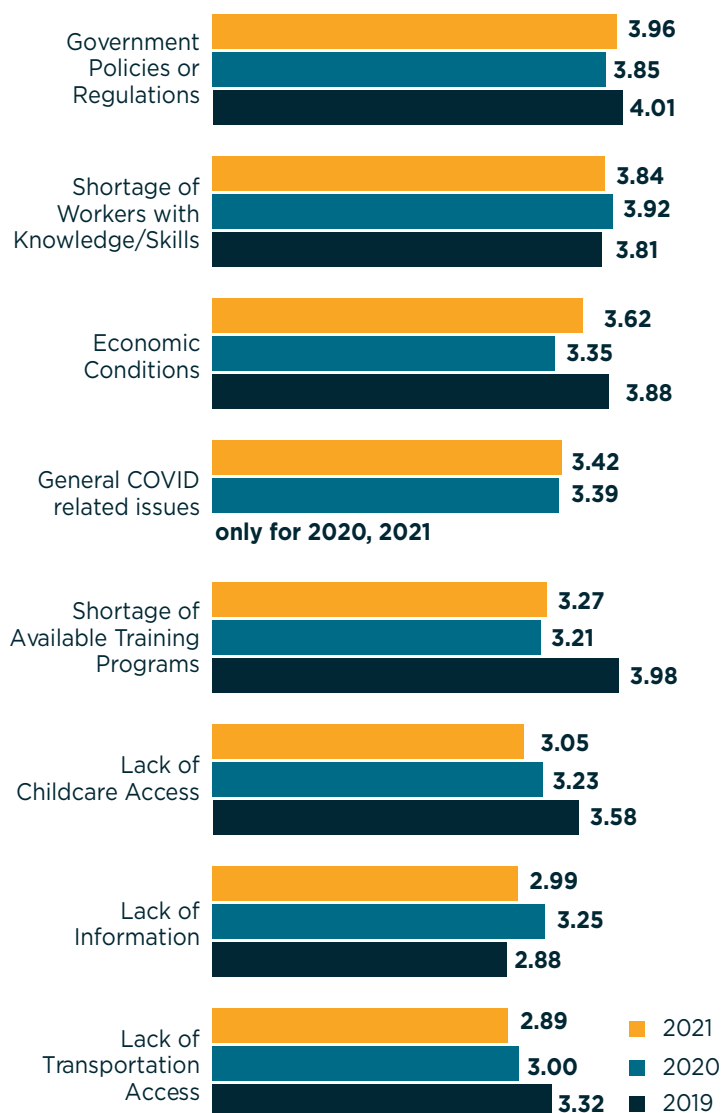
One of the key questions in the State of the Missouri Workforce Survey asked employers about their perceived barriers to expanding employment. In 2019, the top three reasons cited were *shortage of workers with knowledge or skills* (47%), *economic conditions* (33%), and *government policies or regulations* (23%). In 2020, *shortage of workers with knowledge or skills* (47%) and *economic conditions* (22%) continued as the top two barriers, while *general COVID-19 related issues* emerged as a new important factor, cited by one-quarter (25%) of Missouri employers. For 2021, the top barriers included all of the 2020 and 2019 concerns: *shortage of workers with knowledge or skills*, *economic conditions* (37%), *general COVID-19 related issues* (31%), and *government policies*

and regulations (30%). *Shortage of workers with knowledge or skills* increased significantly from previous years, from 47 percent in 2019 and 2020, to 60 percent in 2021. Both metro and non-metro areas followed statewide trends. The survey also asked employers to rate the importance of each barrier on a scale of one to five, with one being insignificant and five being critical. The highest weighted average response for any barrier cited this year was 3.96 for *government policies and regulations*, as it was in 2019. The next highest weighted response was for *shortage of workers with knowledge or skills* (3.84), followed by *economic conditions* (3.62). In 2020, at 3.85, *government policies* were the second largest barrier, after *shortage of workers with knowledge or skills* (3.92).

Barriers to Expanding Employment



Average Importance of Barriers to Expanding Employment



EMPLOYER SURVEY

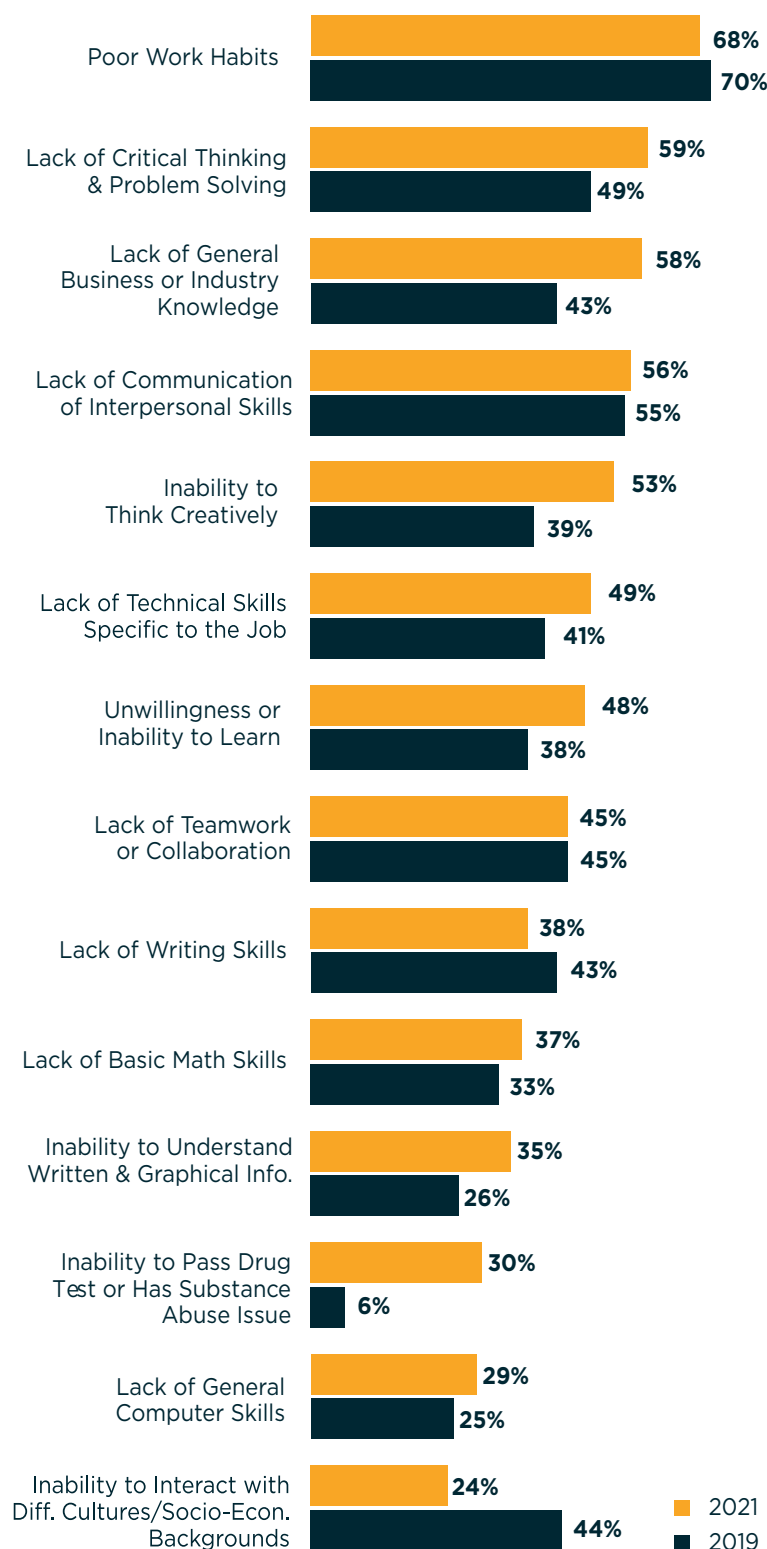
SHORTCOMINGS OF JOB APPLICANTS

Employers were asked about possible shortcomings of applicants. *Poor work habits* was the most frequently cited shortcoming, with 68 percent of employers indicating that challenge. Other top shortcomings included *lack of critical thinking* (59%), *lack of general business or industry knowledge* (58%), and *lack of communication or interpersonal skills* (56%). While *lack of communication skills* was mentioned as often now as it was two years ago (55% in 2019), most other shortcomings were now mentioned considerably more often. For example, *lack of critical thinking* showed a 10 percent increase (49% in 2019), *inability to think creatively* showed a 14 percent increase (39% in 2019), and *lack of general business knowledge* had a 14 percent increase (43% in 2019).

Finally, large changes were observed in two less frequently mentioned shortcomings – *inability to interact effectively with people of different cultures and socio-economic backgrounds* and *inability to pass a drug test or having a substance abuse issue*. In 2021, employers were less likely to notice a significant number of applicants who would be *unable to interact with people of different cultures*; with only 24 percent of employers mentioning it as a shortcoming compared to 44 percent in 2019. Conversely, *inability to pass a drug test* was reported by only six percent of respondents in 2019 whereas 30 percent of respondents reported it as a shortcoming in 2021. Responses for most shortcomings were higher in non-metro than metro areas. The largest difference was reported in *lack of basic math skills* (43% non-metro vs. 33% metro) and *poor work habits* (73% non-metro vs. 65% metro).

68% OF EMPLOYERS CITED POOR WORK HABITS AS THE MOST FREQUENTLY OCCURRING SHORTCOMING.

Applicant Shortcomings



EMPLOYER SURVEY

SKILL SHORTAGES

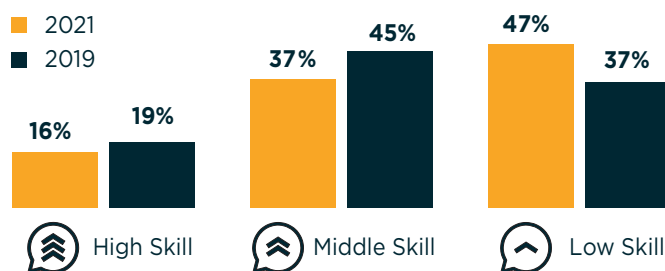
Sixty-eight percent of employers reported they had a shortage of skilled applicants. When asked last time in 2019, only 28 percent of employers reported a shortage of skilled applicants. In 2021, most of the shortages were in *low-skill* jobs (47%), whereas *middle-skill* was the level with the most shortages in 2019 (45%).

To address skills shortages, 81 percent of employers acknowledged hiring less experienced workers than preferred and needing to train them. Employers in 2021 were also more likely to *hire from outside the local area* (52% in 2021 vs. 33% in 2019) and *offer increased wages* (64% in 2021 vs. 49% in 2019) to meet the shortages. Fifty-nine percent of non-metro employers said they would *hire from outside the local area* compared to 47 percent in metro areas. In all other measures, however, responses were similar regardless of geography.

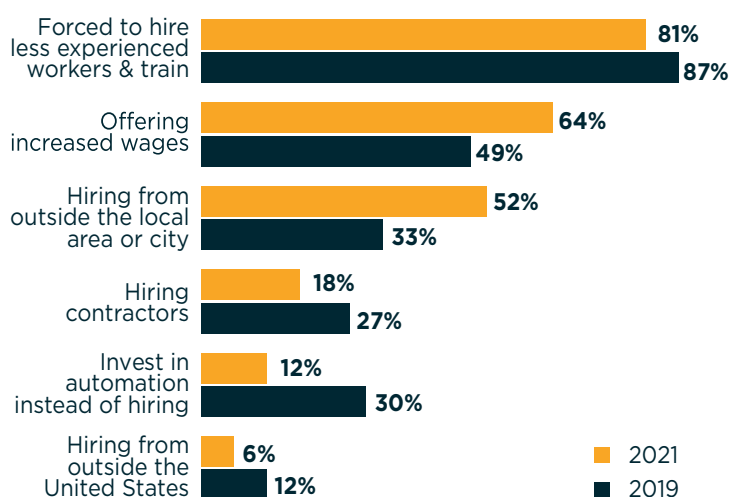
From skilled trades to administration, companies employ workers in a variety of areas with different functional work tasks and duties. In 2021, the number of employers who reported a shortage of skilled applicants in functional areas increased when compared to reported shortages in 2020 and 2019. The *Skilled Trades* functional area has had a steady increase in the shortage of skilled applicants each year of the survey, increasing from 49 percent in 2019 to 72 percent in 2021.

Customer Service also experienced large increases in the shortage of skilled applicants, from 25 percent in 2019 to 31 percent in 2020 and 47 percent in 2021. Responses were similar in metro and non-metro areas with the exception of *Patient Care*, where 55 percent of metro employers reported showing a shortage of skilled applicants compared to 72 percent in non-metro areas. *Patient Care* makes up a larger share of the workforce in non-metro areas, which could account for the difference.

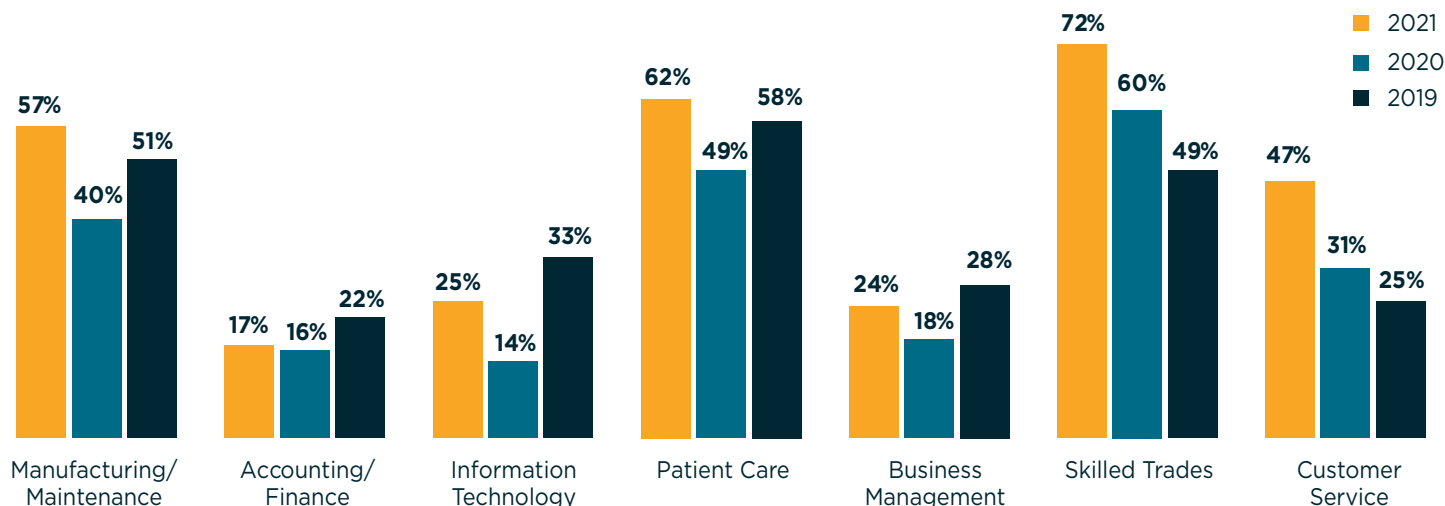
Skill Level Required to Meet Shortages



Measures Taken by Employers to meet the Skill Shortages



Percent of Firms with a Shortage of Skilled Applicants by Functional Area



EMPLOYER SURVEY

SKILL SHORTAGES CONTINUED

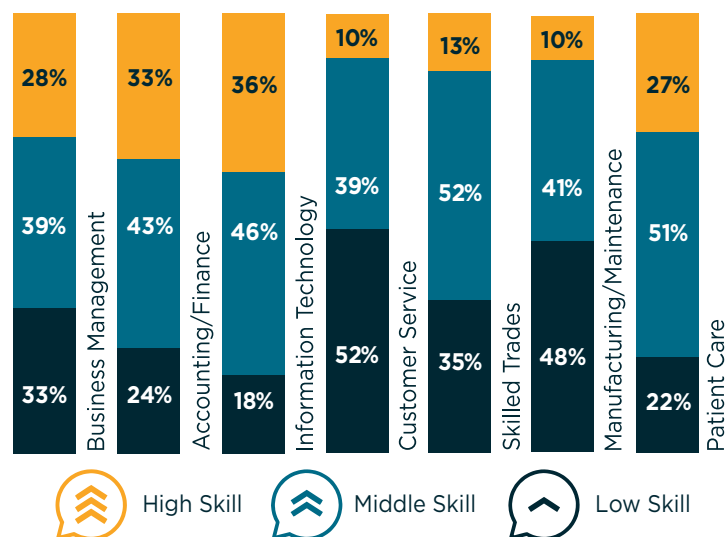
Employers identified the skill level needed to meet applicant shortcomings in each functional area. These levels were described as *low skill* – requiring high school or less, *middle skill* – requiring education beyond high school but less than a four-year degree, and *high skill* – requiring a four-year degree.

Middle-skill jobs had the highest shortages in most areas, with the exception of *Customer Service* and *Manufacturing/Maintenance*.

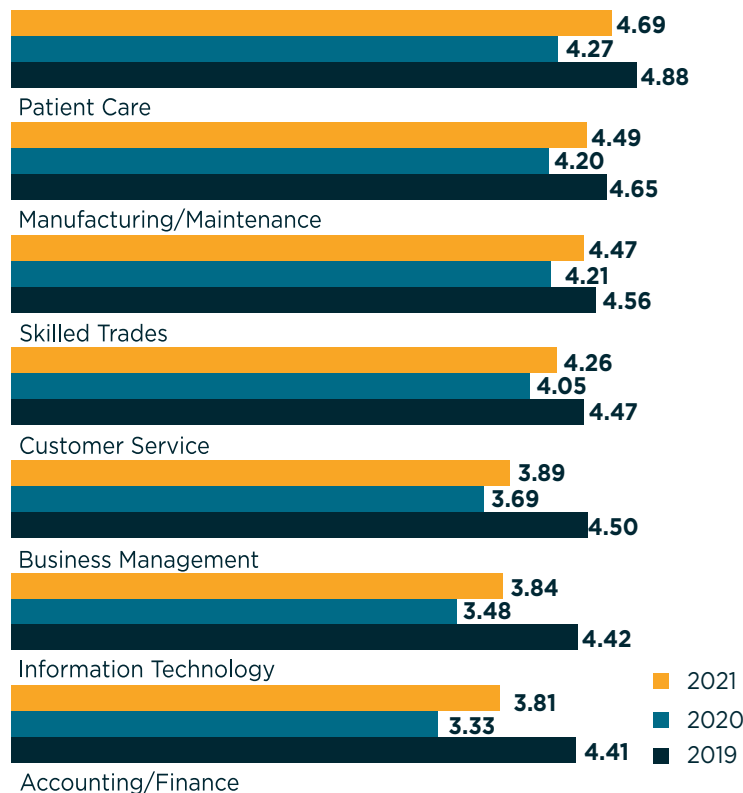
Missouri employers were also asked to rate the importance of skill shortages to their businesses with one being not important and five being very important. *Patient Care* was rated the most important shortage, with an average importance rating of 4.69, followed by *Manufacturing and Maintenance* (4.49) and *Skilled Trades* (4.47). The importance of these shortages increased from 2020, but was slightly below the 2019 ratings.

Responses in most functional areas were similar in metro and non-metro areas, with the exception of *Information Technology* (4.3 in non-metro vs. 3.5 in metro) and *Business Management* (4.0 in metro vs. 3.6 in non-metro).

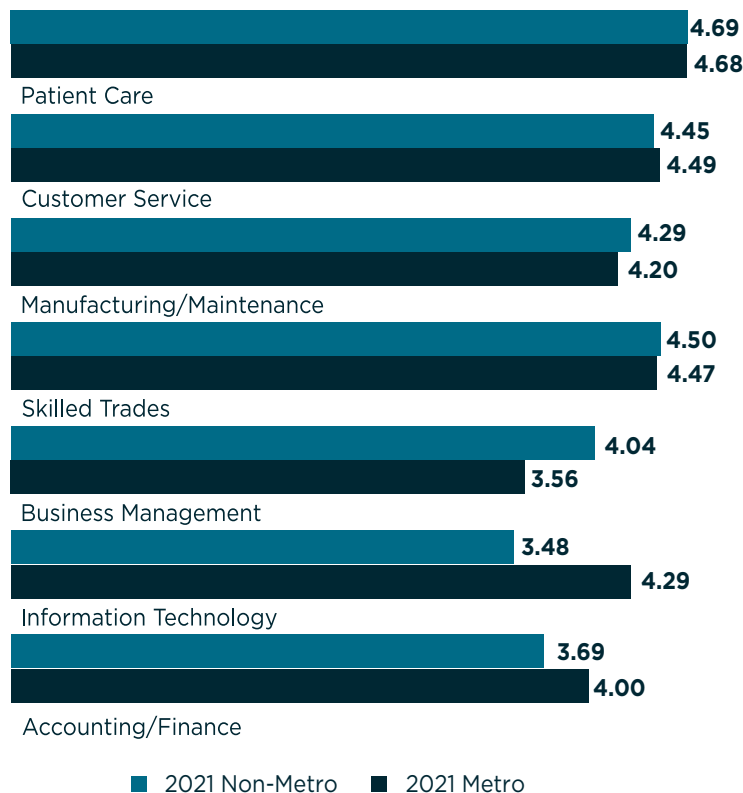
Skill Levels Required to Meet Shortages (2021)



Average Rating of Importance of Skilled Applicant Shortage by Functional Area



Average Rating of Importance of Skilled Applicant Shortage by Functional Area & Geography



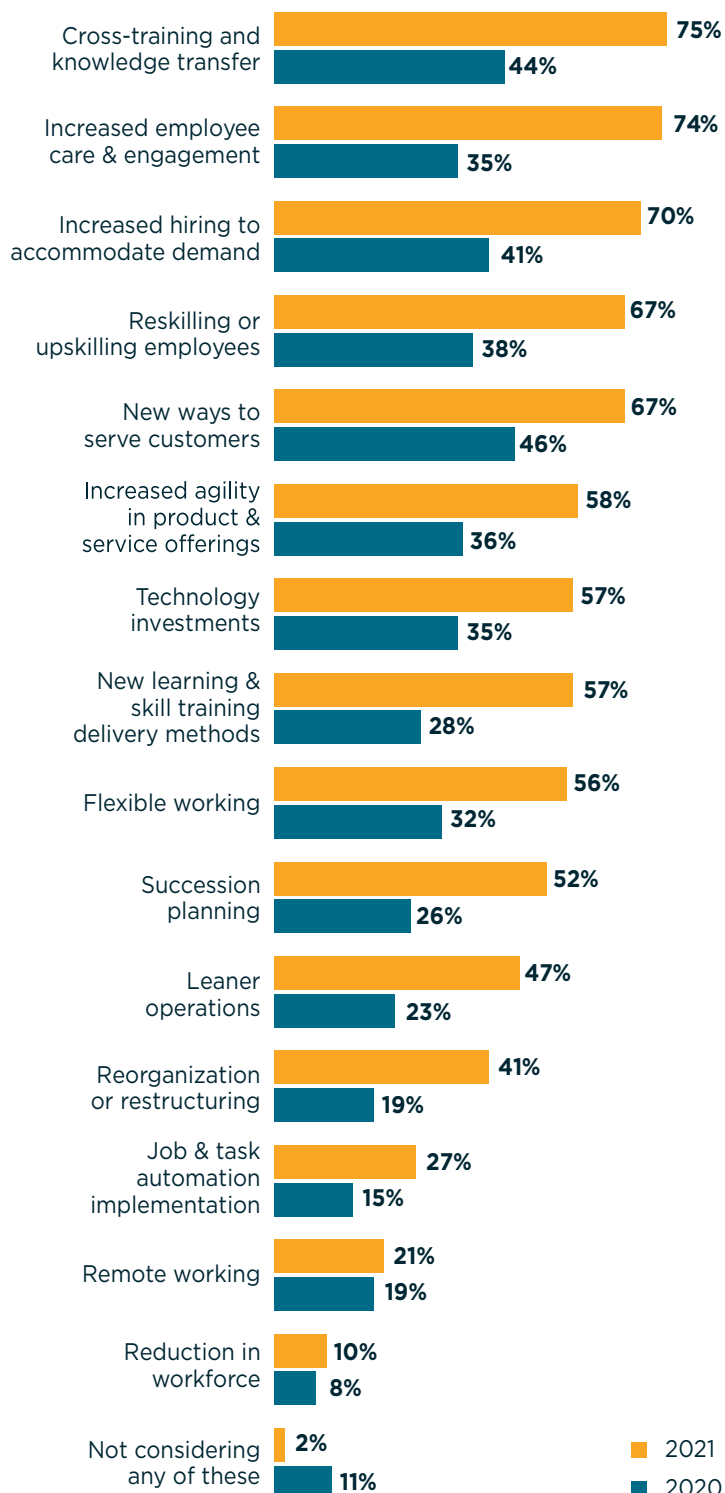
EMPLOYER SURVEY

WORKFORCE INITIATIVES

As the economy evolves, customer and workforce needs change. Businesses constantly have to adapt to new ways to serve customers, as well as ways to train and retain quality employees. Employers were asked which workforce initiatives they were considering for the next year. In comparison to last year, employers were significantly more likely to consider a variety of initiatives. This could be attributed to a tightening labor market and more difficulty finding employees than last year. The top workforce initiative in consideration by employers was *cross-training and knowledge transfer* (75%), followed by *increased employee care and engagement* (74%); both of which showed large increases when compared to 2020 (44% and 35%, respectively). *Increased hiring to accommodate demand* (70%), *reskilling or upskilling employees to new ways of working* (67%), and *new ways to serve customers* (67%) followed as other frequently mentioned initiatives. Responses were similar in metro and non-metro areas.

**75% OF
EMPLOYERS
CITED CROSS-TRAINING
AND KNOWLEDGE
TRANSFER AS THEIR
TOP WORKFORCE
INITIATIVE.**

Workforce Initiatives Being Considered for Next Year



EMPLOYER SURVEY

EXPERIENCE AND EDUCATION

Employers were surveyed about the number of positions at their company by various levels of experience. In 2021, more than half (52%) of businesses had positions requiring *four or more years of experience* – above the 2020 level (46%) but lower than 64 percent in 2019. Two-thirds (66%) had positions that required a *minimum of one to three years of experience*, which was also above the 2020 figure (58%) but below the 2019 result of 68 percent. The percentage of employers reporting having positions requiring *some experience but less than one year* followed a similar pattern; 61 percent of firms statewide had such positions compared to 52 percent in 2020 and 64 percent in 2019. Nearly 60 percent of companies had positions that *did not require any experience*.

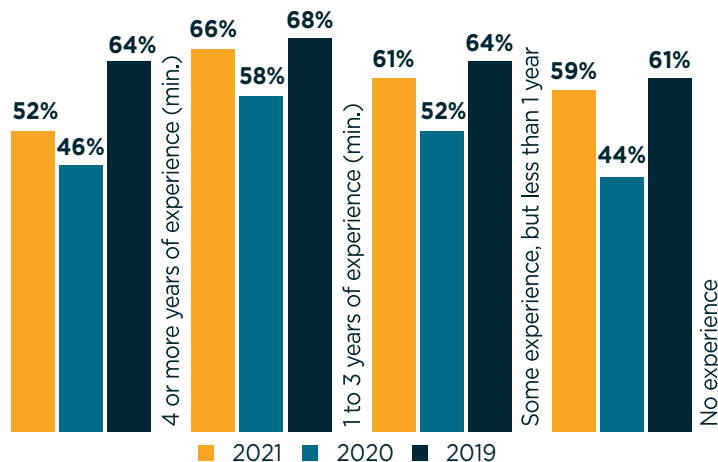
Metro employers were more likely to have positions requiring a minimum of *four years of experience* than those located in non-metro regions of the state (56% metro vs. 44% non-metro). Non-metro firms, on the other hand, were more likely to have positions that *did not need any experience* (68% non-metro vs. 54% metro).

Employers were also asked about the education requirements for their positions at three education levels – *low-skill*, *middle-skill*, and *high-skill*. In 2021, 75 percent of employers indicated they had positions requiring a *low-skill education*. This was above the 66 percent reported in 2020, but below the 2019 level of 85 percent. Approximately two-thirds (67%) indicated they had *middle-skill education* positions in their organizations. This result was the highest to date, as 66 percent said the same in 2020 and 63 percent in 2019. Finally, less than half (49%) had positions that required *high-skill education*. Like *middle-skill education*, the proportion of *high-skill education* positions peaked this year, compared to 42 and 45 percent in 2020 and 2019, respectively.

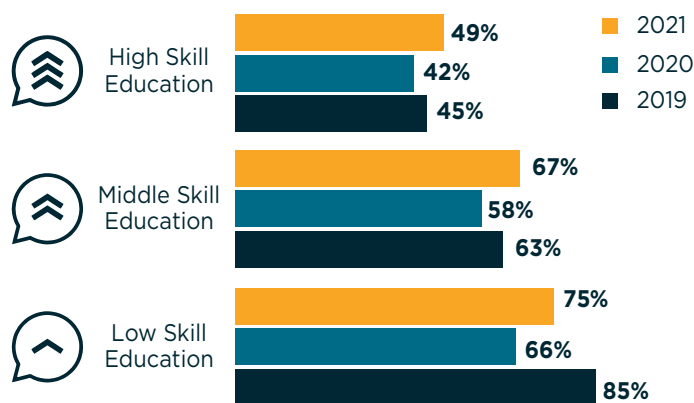
Non-metro employers reported positions requiring *low-skill education* more often than metro employers (80% non-metro vs. 72% metro). The opposite was noted for *high-skill education*, which was required more commonly by metro businesses (54% metro vs. 40% non-metro).

Employers were asked about the percentage of jobs in their organization that would be available to applicants who had completed *short-term training*, defined as no more than six months past high school. In 2021, the percentage of companies reporting that at least some jobs were available to individuals with *short-term training* was the highest to date (81%). Seventy-four percent said the same in 2020 and only 69 percent in 2019. Forty-four percent of companies reported at least half of their positions were available to applicants with *short-term training*.

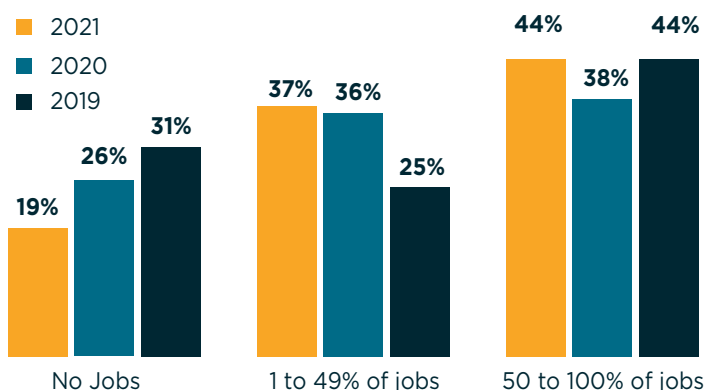
Percent of Employers with Jobs at Specified Experience Levels



Percent of Employers with Jobs at Specified Education Levels



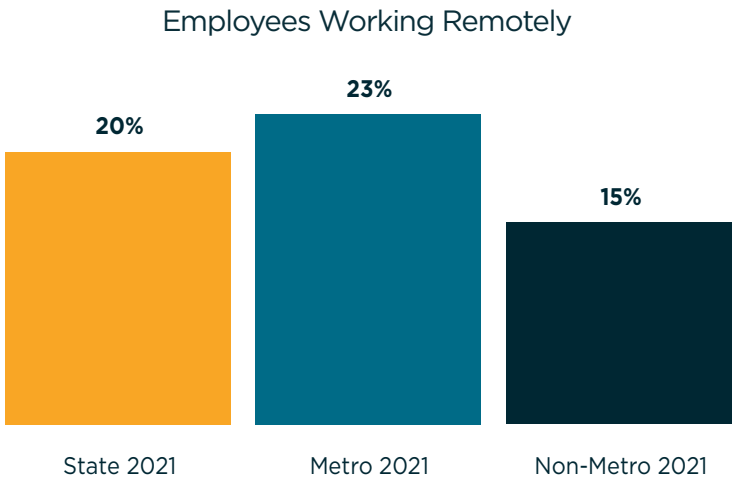
Jobs Available with Short-Term Training



EMPLOYER SURVEY

REMOTE WORK

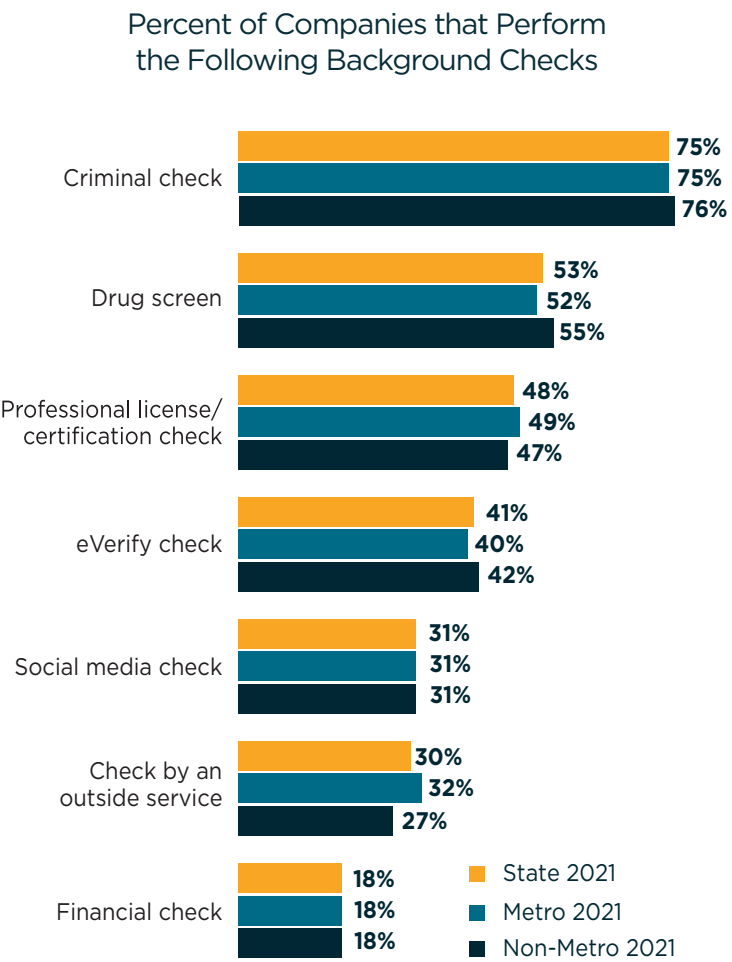
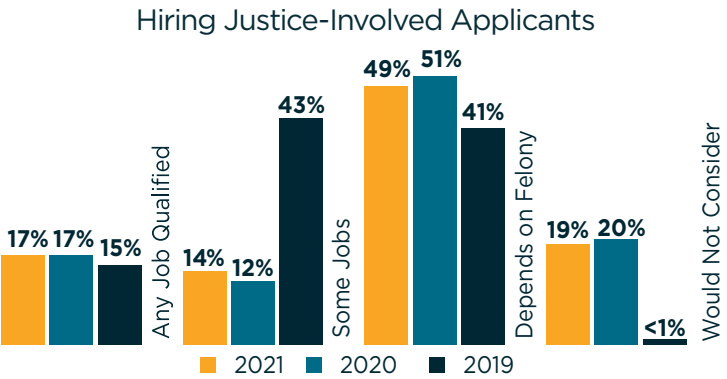
The COVID-19 pandemic had an unprecedented impact on the economy and day-to-day business operations. To address the challenges caused by the pandemic, Missouri employers had to make changes in how they did business, with many pivoting to remote work. However, as recovery from the pandemic continues, the proportion of businesses that have employees working remotely decreased. In 2020, 56 percent of Missouri firms reported they *had employees working remotely*. In 2021, only 20 percent of companies reported having remote staff. In addition, the number of businesses *experiencing challenges with remote work* dropped from 77 percent in 2020 to 44 percent in 2021, which could be a result of remote work positions being reduced, or companies having had more time to address remote work challenges over the past year. Metro employers were more likely than non-metro to have employees working remotely (23% vs. 15%).



HIRING CONSIDERATIONS

The screening process prior to hiring can help identify programs and services to assist job seekers. *Criminal checks* were the most common types of background checks conducted prior to hiring, with 75 percent of Missouri employers reporting they perform one. *Drug screens* followed with 53 percent. Close to half (48%) of employers performed *professional license or certification checks* prior to hire. Other less common checks included *eVerify checks* (41%), *social media checks* (31%), *checks by an outside service* (30%), and *financial checks* (18%).

In 2019, less than one percent of Missouri employers *would not consider* hiring an applicant convicted of a felony offense who had completed his or her sentence and/or probation. This increased to 20 percent in 2020 and stayed at that level in 2021 (19%). In 2021, close to half (49%) said it *depended on the felony*. The readiness to *consider the applicant for any job for which they were qualified* was close to previous years' results (17% in 2021 and 2020, and 15% in 2019). Results were similar in metro and non-metro areas.



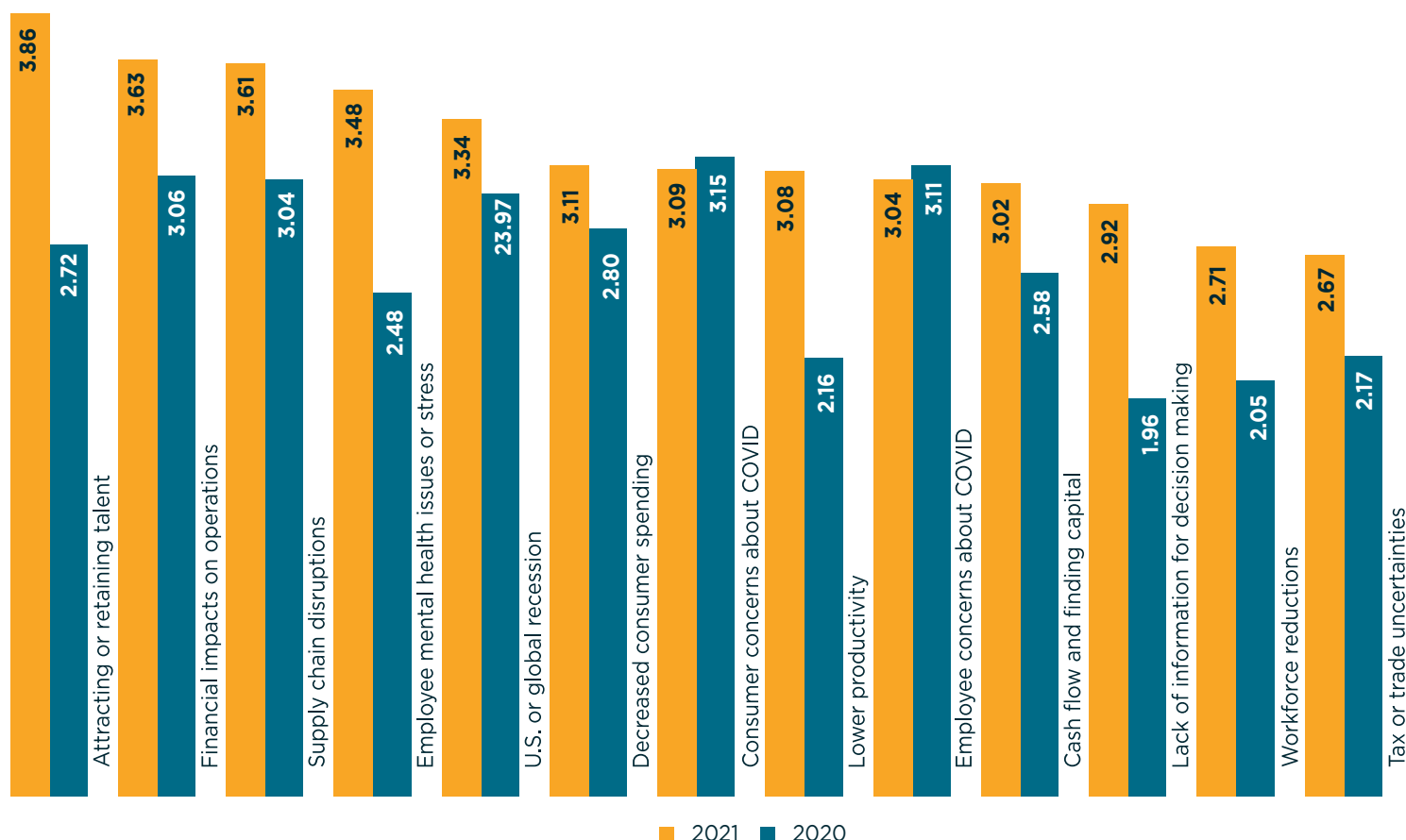
EMPLOYER SURVEY

BUSINESS CONCERNS LOOKING FORWARD

Employers evaluated various business concerns for the future on a scale from one to five, with one being not concerned and five being very concerned. Employers were most concerned about *attracting or retaining talent*, with a weighted average of 3.86. This was followed by *financial impacts on operations*, with an average score of 3.63, and *supply chain disruptions*, at 3.61. Rankings of business concerns differed greatly from 2020. When the 2020 survey was conducted, employers were most concerned about consumer and employee issues about COVID-19. Economic concerns around the pandemic were highest during last year's survey, when *consumer concerns about COVID* (3.15) and *employee concerns about COVID* (3.11) topped the list. In 2021, *attracting/retaining talent* was more of a concern, showing the effects of a tighter labor market this year. *Financial impacts on operations*, *employee mental health issues or stress*, and *lack of information for decision making* were also noticeably more of a concern in 2021. Results were similar in metro and non-metro areas.

EMPLOYERS WERE MOST CONCERNED ABOUT
ATTRACTING & RETAINING TALENT.

Average Importance of Business Concerns Looking Forward



EMPLOYER SURVEY

SUMMARY

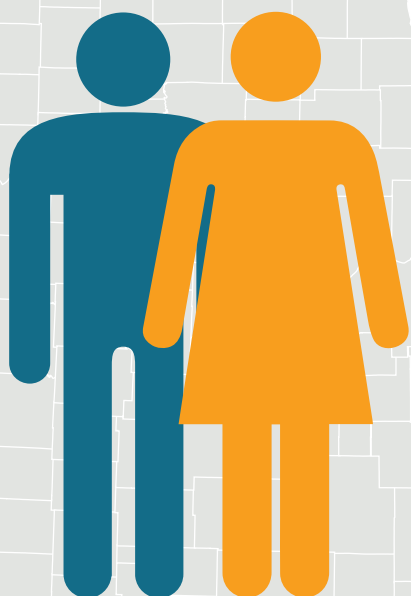
Although more than a year has passed since the start of COVID-19 related shutdowns, and unemployment rates have decreased at the time of this report, survey results indicate Missouri employers are still feeling effects of the pandemic. Sixty-four percent of employers who had a significant increase or decrease in employment over the last 12 months stated it was due to the pandemic. However, employers are optimistic about the future, with more than half (55%) expecting to increase employment levels over the next 12 months, the highest response since the start of this survey in 2019. This optimism was higher in metro than non-metro areas (61% metro vs. 43% non-metro).

More employers reported barriers to expanding employment than in previous years, with a *shortage of workers with knowledge or skills, economic conditions, and general COVID-19 issues* topping the list. More employers also reported skill shortages in employees and applicants. To meet these shortages, employers are

hiring from outside of the local area and offering increased wages. Employers were also much more likely to consider workforce initiatives such as *increased employee care and engagement* and *cross-training and knowledge transfer* than last year.

In relation to business concerns for the coming year, employers were most concerned about *attracting and retaining talent.* Although concerns about *attracting and retaining employees* are prevalent, 20 percent of employers stated they would not consider hiring a justice-involved applicant.

While employers are optimistic about expanding employment, they are having difficulty finding skilled applicants. Employers continue to cite a *shortage of workers with knowledge or skills and economic conditions* as the most significant barriers to expanding employment, highlighting the need to connect workers to employers.



EMPLOYERS ARE OPTIMISTIC ABOUT THE FUTURE.

55% OF BUSINESSES

EXPECT TO INCREASE EMPLOYMENT LEVELS
OVER THE NEXT 12 MONTHS, THE HIGHEST
RESPONSE SINCE THE START OF THIS SURVEY IN 2019.

EMPLOYER SURVEY

METHODOLOGY

A total of 834 Missouri companies, with five employees or more, were surveyed in June and July of 2021 to gauge the state of the workforce from the employers' point of view. Companies interviewed were randomly selected from a categorized list of Missouri businesses from the Data Axle (formerly ReferenceUSA) employer database. Of the respondents, 541 were in metro areas and the remaining 293 were in non-metro areas of the state. Companies were asked 16 questions, some with multiple parts, about hiring trends, skill needs and shortages, experience and education requirements, and the effects of COVID-19 on their businesses.

Similar to 2020, there were challenges in contacting employers for the survey. The required number of completed responses was reduced due to the expected impact of COVID-19 on businesses. The contact rate and responsiveness were lower than preferred due to business closures and multiple calls were required to reach the correct contact person, as a result of job sharing or working from home. The industries selected for the survey were chosen to reliably represent a composite picture of the state's economy, with a statistically significant sample surveyed from each of the industry categories matching the approximate ratio that these industries compose in the metro and non-metro regions of the entire state.

Businesses Surveyed

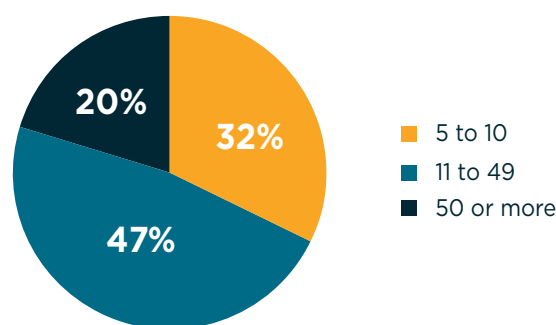
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Survey Collection Results

Area	Population	Surveys Collected	Confidence Level	Margin of Error
Statewide	82,399	834	95%	+/- 3.38%
Metro	63,877	541	95%	+/- 4.2%
Non-Metro	18,522	293	95%	+/- 5.68%

Employment Size of Firms Surveyed



ACKNOWLEDGEMENTS

The department would like to thank the employers who agreed to be interviewed for this survey.

We also thank St. Louis Community College and its Workforce Solutions Group for supporting this effort with survey development assistance. The college has conducted an annual survey of St. Louis companies for over a decade and refined the survey questions over that period to add insights that are shared in this report.

This workforce product was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The U.S. Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other uses require the prior authorization of the copyright owner.